Manitoba

Annual Report 1986

Manitoba Civil Service Superannuation Board

Manitoba

Minister of Finance

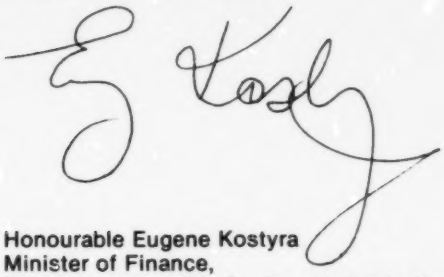
April 30, 1987

To The Honourable George Johnson
Lieutenant Governor of Manitoba

May It Please Your Honour:

As Minister responsible, I have the privilege of presenting for the information of Your Honour the Forty-Eighth Annual Report of the Civil Service Superannuation Board for the calendar year ended December 31, 1986.

Respectfully submitted,



Honourable Eugene Kostyra
Minister of Finance,
Minister responsible for the administration
of The Civil Service Superannuation Act

Manitoba

The Civil Service
Superannuation Board

600 — 400 Tache Avenue
(Opposite St. Boniface Hospital)
Winnipeg, Manitoba, CANADA
R2H 3C3

(204) 233-8722

April 30, 1987

Honourable Eugene Kostyra
Minister of Finance
Room 103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Sir:

In conformity with the provisions of the Civil Service Superannuation Act, I am pleased to forward to you, the Minister Responsible for the administration of The Civil Service Superannuation Act, the 48th Annual Report of the Manitoba Civil Service Superannuation Board.

This report covers the period January 1, 1986 to December 31, 1986 and includes a review of the Board's activities for that period as well as the Report of the Provincial Auditor and attached audited financial statements for that period.

Respectfully submitted,

R. E. Archer

R. E. Archer, Chairman
Civil Service Superannuation Board

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Introduction

This 48th Annual Report reviews and highlights the administrative and investment activities of the Civil Service Superannuation Board for the calendar year 1986.

The Civil Service Superannuation Board was established under subsection 5(1) of The Civil Service Superannuation Act (Act) in May, 1939.

The Board is comprised of four elected representatives of employees participating in the Fund and four employer representatives plus a chairman who are appointed by the Government.

The Board is responsible for the administration of the provisions of the Act in providing benefits for employees of the Province of Manitoba and its related Boards, Commissions, and Agencies who participate in the plan.

As Trustees of the Civil Service Superannuation Fund, the Board also has fiduciary responsibilities for ensuring that investments are made on the direction of the Investment Committee which is a sub-committee of the Board comprised of a Board member nominated by the elected employee representatives, the Deputy Minister of Finance, and a chairman who is also the chairman of the Board.

The Board is responsible for administering the Act which involves collecting superannuation contributions deducted from employees by participating employers, investing and monitoring investments, paying refunds on termination, negotiating reciprocal agreements to provide portability of pensions, paying pensions on retirement, counselling employees (including spouses), providing informational and pre-retirement seminars, providing annual benefit statements, preparing brochures outlining the benefits, newsletters, financial statements and an annual report.

The Board operates within the guidelines, regulations and legislation contained in The Pension Benefits Act of Manitoba, which is an Act legislated to provide conformity and regulation of all pension plans administered in the Province of Manitoba.

In October, 1968, the Board began to administer the group insurance plans for all participating employers. The Public Servants Insurance Act provides group life insurance, accidental death and dismemberment insurance and dependents' insurance for participating employees. The Board collects insurance contributions on behalf of Canada Life (the insurance carrier), pays the necessary premiums, preaudits all insurance claims, prepares explanatory literature, provides informational counselling and invests the experience refunds which are held in a trust insurance fund. The Insurance Fund proceeds are used to subsidize post-retirement declining insurance benefits, to provide continuing insurance while disabled, to stabilize the premium rate and to possibly pay an insurance claim dividend when claims experience is more favourable than expected.

Since January 1, 1977, the Board has provided administrative and support services to the Municipal Employees Benefits Board. The Municipal Employees Benefits Board provides pension and group insurance benefits for approximately 2,100 employees of 260 municipal and quasi-municipal employers throughout Manitoba.

Civil Service Superannuation Board

Chairman

Mr. R. E. Archer
Senior Vice-President, Investments
The Investors Group

Employee Representatives

Mr. C. Fordyce
Civil Service Representative

Ms. A. Hrenchuk
Manitoba Health Services Commission
Civil Service and Manitoba Health Services Commission Representative

Mr. H. G. Restall
Manitoba Telephone System
Manitoba Telephone System Representative

Mr. V. L. Schentag
Manitoba Hydro
Manitoba Hydro and Small Boards Representative

Employer Representatives

Mr. C. E. Curtis
Deputy Minister of Finance
Province of Manitoba

Dr. A. Decter
Medical Doctor

Mr. R. M. Fraser
Senior Vice-President
Energy and Supply
Manitoba Hydro

Mr. D. Lofendale
Barrister

General Manager

Mr. W. Worosz

Director, Administrative Services

Mr. V. McLeod

Director, Financial and Computer Services

Mr. A. Borle

Director, Communication & Counselling Services

Mr. R. H. Covernton

Investment Officer

Mr. L. Fuller

Consulting Actuary

Mr. J. A. Turnbull, F.S.A., F.C.I.A.

Board Meetings

During the year, the Board held nine meetings and each of the Board committees held several meetings.

Highlights of 1986

	1986	1985
Book Value of Investments	$650,687,293	$573,648,628
Investment Income	$ 67,439,010	$ 60,485,182
Yield on Investments	11.6%	11.8%
Employee Contributions	$ 43,000,860	$ 39,892,221
Employer Payments	$ 23,730,656	$ 20,872,168
Pension Payments, etc.	$ 47,106,830	$ 40,667,783
Refund of Contributions & Interest	$ 4,356,138	$ 3,702,130
General Expenses	$ 916,383	$ 885,156
Participants in Fund	28,750	26,481
Pensioners and Other Recipients	6,050	5,641

Pension Benefits

During the year covered by this report, pensions and instalment refunds paid totalled $47,106,830, a net increase of $6,439,047 (15.8%) over 1985. There were 6,050 persons receiving pensions or contributions and interest in monthly instalments at December 31, 1986 as compared to 5,641 persons one year earlier. At December 31, 1986 there were:

1. 5,191 pensioners, 518 new retirements and 158 deaths for a net increase of 360 for the year;
2. 489 deceased pensioners' beneficiaries receiving pensions;
3. 366 spouses receiving the automatic pension payable to the spouse of an employee who dies with more than 10 years of service;
4. 1 deceased employee's spouse receiving contributions and interest in monthly instalments.
5. 3 employees' spouses receiving pensions because of marriage break-up.

Of the 377 new male pensioners, 106 retired at age 65 or later, 253 retired voluntarily before age 65, and 18 who were under age 60 were granted disability retirement. (For an employee who is age 60 or over, the pension for disability retirement is the same as for early retirement. The disabled employee who is over age 60 therefore applies for early retirement).

Of the 141 new female pensioners, 43 retired at age 65 or later, 87 retired voluntarily before age 65, and 11 who were under age 60 were granted disabililty retirement.

New 1986 pensioners include 26 former employees with vested benefits who commenced receiving their pensions during the year.

Integration with the Old Age Security Pension was selected by 222 male pensioners (82%) and 79 female pensioners (81%) who retired before age 65.

Integration with the Canada Pension was selected by 171 male pensioners (63%) and 59 female pensioners (60%) who retired before age 65.

Employees retiring during 1986 elected the following pension options:

	Females	Males	Total
Pension reducing to one-half at pensioner's death	3	44	47
Pension reducing to two-thirds at pensioner's death	28	252	280
Ten-Year guaranteed pension	6	8	14
Lifetime Pension*	104	67	171
Other	-	6	6
Total	141	377	518

*Note: The majority of the pensioners who elected the lifetime pension were either single or had small pensions due to short service.

An amendment to the Pension Benefits Act, effective January 1, 1984, requires that employees who have a spouse at the time of retirement must select a joint form of pension that at the death of the pensioner provides two-thirds of the pension to the spouse for life. This compulsory pension option may be waived if the employee's spouse completes a spousal waiver form.

There were also 53 employees who reached age 65 during 1986 and who continued to work into 1987. As at December 31, 1986, 127 employees were continuing to work past age 65 as follows:

Year of 65th Birthday	Number of Employees Working Past Age 65
1986	53
1985	29
1984	11
1983	21
1982	13
Total	127

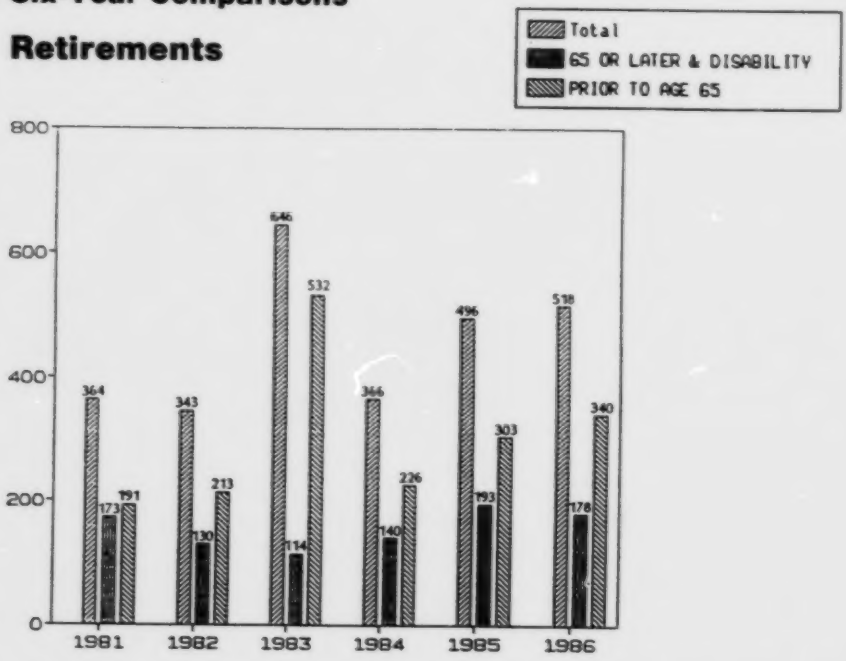
Cost-of-Living Adjustment in Pensions

Effective July 1, 1986 a cost-of-living adjustment was paid to eligible pensioners and to beneficiaries receiving pensions in respect of deceased pensioners who retired before July 1, 1985. The adjustment was limited to the extent that the amount in the separate Superannuation Indexing Adjustment Account was actuarially able to finance one-half of each increase. (See Exhibit D and Note 2(e) of the audited financial statements.)

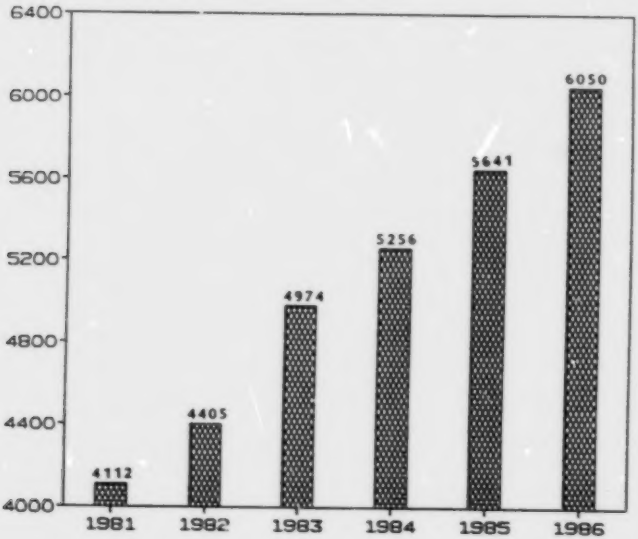
The cost-of-living increase is related to service and the amount of pension received and was equal to 59¢ per month for each year of pensionable service to a maximum of 35 years plus 2.18% of the ordinary lifetime pension plus accumulated cost-of-living increases to date.

Six-Year Comparisons

Retirements

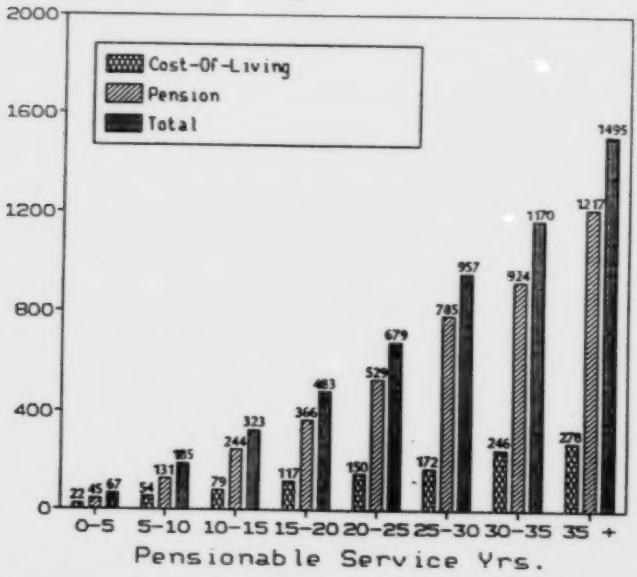


Pensioners/Recipients



Pension Amounts

Average Pension & C.O.L. ($)



Refunds

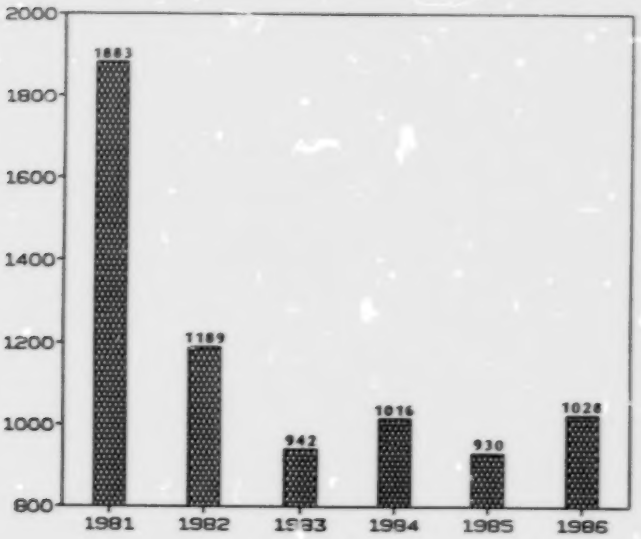
There were 1,006 employees who resigned and received refunds of contributions and interest amounting to $3,562,993. The estates of 22 employees who died received refunds of contributions and interest amounting to $154,235. These refunds are divided as follows:

	Employees	Contributions Refunded	Interest Refunded
Alcoholism Foundation of Manitoba	19	$ 89,687	$ 7,439
Civil Service Superannuation Board	3	3,084	174
Housing Authorities	9	9,350	572
Legal Aid Services Society of Manitoba	6	30.166	3,645
Liquor Control Commission	10	31,917	4,421
Manitoba Agricultural Credit Corp.	1	3,040	265
Manitoba Beef Commission	1	950	76
Manitoba Centennial Centre Corp.	4	5,073	357
Manitoba Civil Service	638	2,058,833	188,333
Manitoba Crop Insurance Corp.	4	16,465	1,496
Manitoba Data Services	12	36,501	3,963
Manitoba Government Employees' Assoc.	2	8,286	648
Manitoba Health Services Commission	39	88,877	7,856
Manitoba Hog Producers' Marketing Bd.	2	10,795	1,301
Manitoba Horse Racing Commission	1	7,336	813
Manitoba Hydro-Electric Board	80	240,567	23,117
Manitoba Lotteries Foundation	4	14,462	1,251
Manitoba Milk Producers' Mktg. Bd.	1	3,385	326
Manitoba Public Insurance Corp.	62	185,684	18,826
Manitoba Research Council	2	14,713	1,471
Manitoba Telephone System	115	425,483	40,969
Manitoba Water Services Board	2	2,057	115
Teachers' Retirement Allowances Fund Board	1	3,167	301
Deferred Pension Accounts	11	105,982	13,433
Total	1,028*	$3,396,060	$321,168

*Includes 110 terminated employees who chose a deferred pension as well as a refund or transfer of funds.

Six Year Comparison

Refunds to participants



Reciprocal Agreements

Reciprocal agreements permitting the transfer of pension credits between the Civil Service Superannuation Board and the following pension plan authorities were in effect on December 31, 1986:

Government of Canada - Treasury Board
The Province of British Columbia - Superannuation Commissioner
The Province of Alberta - Public Service Pension Board
The Province of Alberta - Public Service Management Pension Board
The Province of Alberta - Local Authorities Pension Board
The Province of Saskatchewan - Public Service Superannuation Board (Old Plan)
The Province of Saskatchewan - The Public Employees Superannuation Plan Supervisory Board (Money Purchase Plan)
The Province of Ontario - Minister of Government Services
The Province of New Brunswick - Minister of Finance
The Province of Newfoundland - Minister of Finance
The Province of Nova Scotia - Minister of Finance
The Province of Prince Edward Island - Minister of Finance
Canadian Broadcasting Corporation
Canadian Interagency Forest Fire Centre
Canadian National Railway
Canada Mortgage and Housing Corporation
City of Regina
Crown Investments Corporation of Saskatchewan
The Council of Maritime Premiers
Hy-Line Credit Union
Ontario Hydro
Ontario Municipal Employees Retirement Board
(a) Ontario Municipalities
(b) Ontario Council of Regents for the Colleges of Applied Arts and Technology
Saskatchewan Government Insurance
Saskatchewan Power Corporation Superannuation Board
The Teachers' Superannuation Commission of the Province of Ontario

	Transfers to Manitoba		Transfers from Manitoba	
	Number	Amount	Number	Amount
Government of Canada	11	$297,258	7	$113,213
Provincial Public Service				
Alberta	4	59,465	2	21,620
New Brunswick	–	–	1	1,210
Newfoundland	1	4,007	–	–
Ontario	3	21,110	–	–
Saskatchewan (New Plan)	3	25,808	4	57,888
Canadian Interagency Fire Centre	–	–	1	36,551
CNR	2	21,638	–	–
OMERS	1	8,740	2	52,236
Ontario Teachers	1	17,578	–	–
1986 Totals	26	$455,604	17	$282,718
1985 Totals	21	$302,557	28	$470,144

Participants

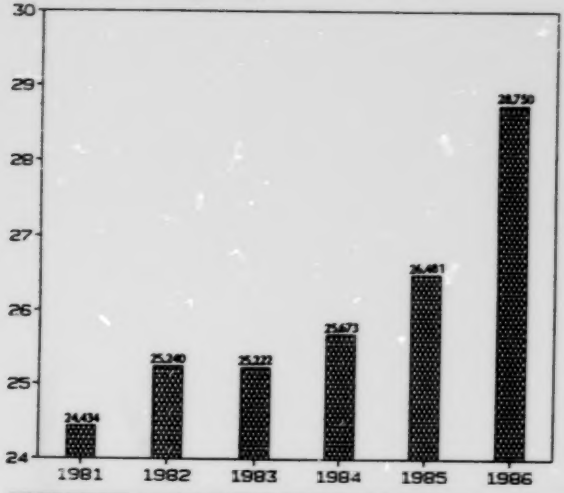
The number of participants in the pension plan increased by 2,269 and was divided as follows at December 31, 1986.

	Males	Females	Total
Alcoholism Foundation of Manitoba	87	97	184
Civil Service Superannuation Board	9	16	25
Communities Economic Development Corp.	7	9	16
Housing Authorities	139	106	245
Legal Aid Services Society of Manitoba	25	55	80
Liquor Control Commission	352	142	494
Local Government Districts	1	-	1
Manitoba Agricultural Credit Corp.	34	21	55
Manitoba Beef Commission	5	13	18
Manitoba Centennial Centre Corp.	48	30	78
Manitoba Civil Service	9,174	6,784	15,958
Manitoba Crop Insurance Corp.	38	44	82
Manitoba Data Services	118	91	209
Manitoba Development Corp.	6	1	7
Manitoba Energy Authority	5	4	9
Manitoba Government Employees' Assoc.	21	14	35
Manitoba Health Services Commission	187	509	696
Manitoba Hog Producers' Marketing Bd.	14	11	25
Manitoba Horse Racing Commission	6	3	9
Manitoba Hydro-Electric Board	3,262	644	3,906
Manitoba Human Resources Opportunity Centres	30	25	55
Manitoba Lotteries Foundation	65	30	95
Manitoba Milk Producers' Marketing Bd.	8	7	15
Manitoba Public Insurance Corp.	579	483	1,062
Manitoba Research Council	22	11	33
Manitoba Telephone System	2,663	2,078	4,741
Manitoba Turkey Producers' Marketing Board	2	4	6
Manitoba Water Services Board	18	-	18
Milk Prices Review Commission	-	1	1
Teachers' Retirement Allowances Fund Board	7	13	20
Universities Grants Commission	2	2	4
Deferred Pension Accounts	256	176	432
Pending Reciprocal Agreements	14	5	19
Manitoba Reciprocal Agreements	76	41	117
Total	17,280	11,470	28,750

Under Pension Reform; part-time, seasonal, casual or departmental employees must contribute to the Superannuation Fund after earning 25% of the maximum Canada pensionable earnings in two successive calendar years commencing with 1984. This accounted for the large increase in membership in the Fund in 1986.

Six Year Comparison

Participants (thousands)



Marriage Break-Up

Consistent with The Pension Benefits Act, The Civil Service Superannuation Act requires that when a marriage break-up occurs after December 31, 1983, 50% of the commuted value of pension benefits earned during the period of marriage must be transferred to a locked-in pension acount of the spouse. One-half of the amount transferred to the spouse is recovered from the employers who do not match employee contributions. The following table compares activity with the prior year.

Employer	Number Completed During 1986	Number Completed During 1985	Amount Transferred To Spouse 1986	Number in Process 1986	Number in Process 1985
Manitoba Civil Service	11	10	$68,072	54	32
Manitoba Hydro-Electric Board	2	5	28,501	12	11
Manitoba Public Insurance Corp.	3	2	45,236	–	1
Manitoba Telephone System	7	3	81,712	20	18
Other	2	–	1,849	16	10
Total	*25	20	$225,370	102	72

*In addition, there were 28 marriage break-up files in 1986 and 15 in 1985 that were completed, where an actual transfer of funds was not required due to marital separation dates occurring prior to January 1, 1984.

1986 Amendments to Legislation

As a result of consultation and agreement between the Government of Manitoba and the Liaison Committee of Employee Representatives, The Civil Service Superannuation Act was amended at the 1986 session of the Manitoba Legislature as follows:

1) Pension Formula Improvement

Effective September 1, 1986, the average salary used in the calculation of pension benefits is to be based on the best five of the last 12 years of salary rather than the best six of the last 12 years salary. This benefit is also applicable to those persons already in receipt of monthly benefits from the Civil Service Superannuation Fund, including pensioners, spouses of deceased employees or pensioners, and other recipients, effective September 1, 1986.

This amendment was agreed to based on the Superannuation Fund financing 100% of the cost increase associated with the five year averaging for the first three years from September 1, 1986 to August 31, 1989. The Fund's Actuary calculated the present value of the cost increase as at September 1, 1986. To facilitate administration whereby the employers continued to pay for 50% of the cost of pensions on a pay as you go basis, the employers were credited with $3,018,708 (36 months @ $83,853) for the three year period as calculated by the Fund's Actuary.

2) Accrued Vacation Pay at Retirement

The use of pay in lieu of vacation as pension earnings at the time of retirement has been made more equitable. Effective September 1, 1986, up to two years normal vacation accruals, to a maximum of 50 days, will be permitted.

3) To credit interest at an annual rate of 3% for 1984, 1985 and 1986 on a member's total contributions and interest as at December 31, 1983.

4) To include employees of the Manitoba Human Resources Opportunity Centres as members of the Fund.

5) To remove the prior Province of Manitoba's guarantee to reimburse the Civil Service Superannuation Fund for a low rate of return on fund assets. In effect, if total fund earnings were less than the most recent actuarial valuation rate of interest plus .5%, the government was obligated to pay the Fund an amount that would increase Fund earnings to the guaranteed rate equal to the actuarial valuation rate of interest plus .5%.

It is expected that funding of these changes will effectively utilize all of the existing actuarial surplus in the Civil Service Superannuation Fund. An actuarial valuation of the Fund shall take place as at December 31, 1986. The most recent actuarial report on the Fund as at December 31, 1983 disclosed a surplus of $17,698,138.

Also effective January 1, 1987, the Canada Pension Plan was changed to permit employees whose annual earnings were less than the Canada Pension Plan benefit to retire at age 60, or subsequent. The reduction for early retirement is equal to one-half of one percent for each month that an employee retires prior to age 65.

Communication and Counselling Services

During 1986, the Civil Service Superannuation Board conducted 31 Information Seminars on Superannuation and Group Insurance benefits on the subject of eligibility, entitlement to benefits, family protection, disability, death, etc., for employees of the government and its related boards, commissions, and agencies in major centres throughout Manitoba.

In addition, the Board conducted 23 one-day Pre-Retirement Planning Seminars which were attended by approximately 736 participants (employees and spouses) in major centres throughout the Province. Topics emphasized in the seminar content are benefit awareness and options concerning superannuation and group insurance for retirement. Topics also covered during the seminar are OASP, UIC, Blue Cross, estate planning, as well as subjects related to retirement lifestyle planning such as the effective use of leisure hours, health, alternate lifestyles, etc. A pre-retirement information package inciuding a Retirement Planning Guide prepared and printed by the Board staff is distributed to seminar participants and as part of the presentation, audio-visual aids are used along with a comprehensive film on the subject of retirement planning which reinforces the subjects covered in the seminar.

In addition to providing employees with their annual benefit statement with information on employee status, current and projected benefit entitlement, the Board provided a comprehensive pension brochure and also produced several articles of interest on benefits for printing in various employee/employer newsletters.

Investments

The Fund's total assets were approximately $666 million as at December 31, 1986, an increase of 13.9% over 1985. Investment income increased $7.0 million or 11.5%. The net yield on the total Fund for 1986 was 11.6% versus 11.8% in 1985.

The Fund committed $11.6 million to mortgages at average yields of 10.5% plus $25.5 million Guaranteed Investment Certificates at an average yield of 9.7% as an alternative to mortgages.

Also $2.5 million was committed to oil and gas through Pencor Petroleum which is wholly owned by several pension funds.

The average yield on net bond purchases of $12.4 million in 1986 was 10.2%.

In the real estate field, the Fund committed $12.5 million and disbursed $6.7 million at rates of return in the first year of approximately 10%.

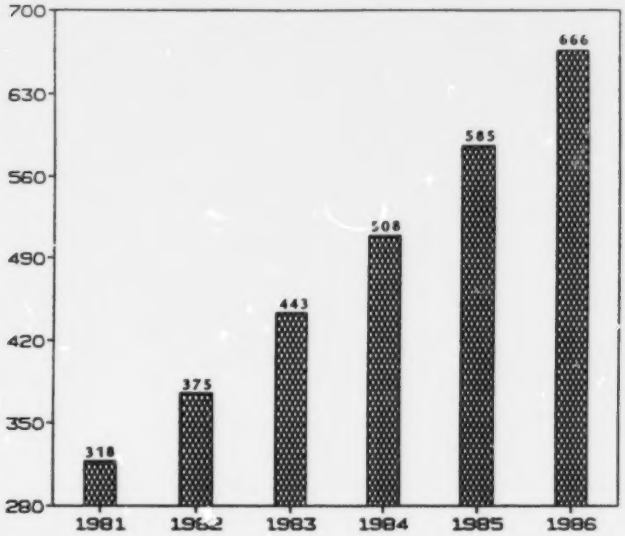
As at December 31, 1986, the Fund held $90.9 million in short-term paper, yielding an average of 9.09% versus $58.0 million yielding an average of 8.87% as at December 31, 1985.

The following comparative table illustrates our investment holdings:

	1986 (000's)	1985 (000's)	Increase (Decrease) (000's)
Bonds & Debentures			
Federal & Provincial	$107,468	$121,604	($14,136)
City & Municipal	12,085	12,253	(168)
Corporate	166,630	123,062	43,568
Pooled Bond Funds	3,908	10,257	(6,349)
	290,091	267,176	22,915
NHA Mortgages	86,433	87,333	(900)
Other Mortgages	36,828	30,271	6,557
Pooled Mortgage Funds	6,526	6,079	447
	129,787	123,683	6,104
Other			
Common Stock	71,907	69,022	2,885
Real Estate	37,001	29,907	7,094
Petroleum & Natural Gas Interests	19,031	17,580	1,451
Venture Capital	2,552	2,522	30
	130,491	119,031	11,460
Short-term Certificates	90,903	58,376	32,527
Total	$641,272	$568,266	$73,006

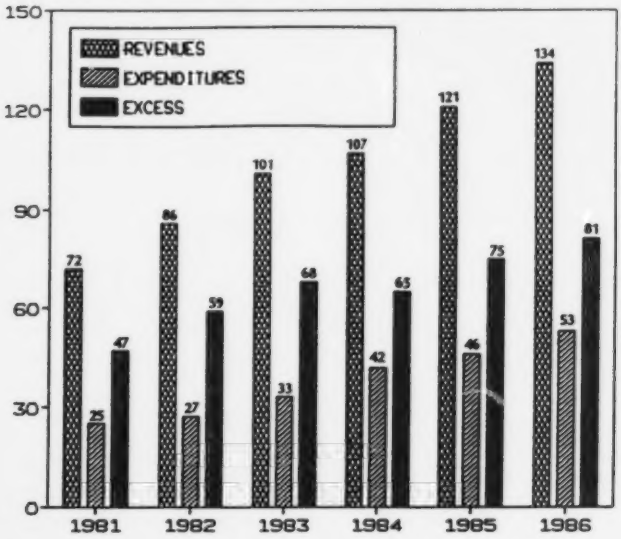
Six Year Comparison

Fund Assets (Millions)



Six Year Comparison

Revenues & Expenditures



Changes in Status - Participants

For the year ended December 31, 1986

Males

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1986
-19	25	3	—	—	24
20-24	494	57	—	—	1,027
25-29	462	85	1	—	1,917
30-34	283	87	3	—	2,754
35-39	191	65	1	--	3,022
40-44	142	49	1	—	2,537
45-49	101	20	4	2	2,029
50-54	74	15	7	2	1,795
55-59	71	5	6	123	1,311
60-	80	13	7	250	864
	1,923	399	30	377	17,280

Females

Age Group	Entered	Withdrew	Died	Retired	Participants at Dec. 31, 1986
-19	30	—	—	—	33
20-24	404	73	1	—	1,122
25-29	342	217	—	—	2,203
30-34	322	144	—	—	2,291
35-39	316	75	1	—	1,899
40-44	186	55	1	1	1,276
45-49	83	31	1	—	970
50-54	69	21	4	5	785
55-59	38	9	—	43	520
60-	31	4	4	92	371
	1,821	629	12	141	11,470
Totals	3,744	1,028	42	518	28,750

Changes in Status - Pensioners

For the year ended December 31, 1986

Males

Ages	Pensioners at Dec. 31, 1985	New Retirements	Deaths	Pensioners at Dec. 31, 1986
-59	476	127	5	409
60-64	744	130	8	760
65-69	1,023	118	18	1,059
70-74	605	2	30	728
75-79	326	—	29	396
80-84	125	—	20	175
85-89	38	—	8	59
90-	14	—	1	23
	3,351	377	119	3,609

Females

Ages	Pensioners at Dec. 31, 1985	New Retirements	Deaths	Pensioners at Dec. 31, 1986
-59	178	49	2	158
60-64	277	47	3	285
65-69	419	42	1	419
70-74	314	3	12	353
75-79	163	—	7	186
80-84	84	—	9	119
85-89	35	—	4	45
90-	10	—	1	17
	1,480	141	39	1,582
Totals	4,831	518	158	5,191

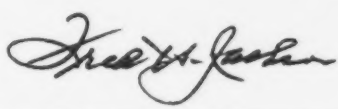
Manitoba

Report of the Provincial Auditor's Office

The Civil Service Superannuation Fund

We have examined the financial statements, being Exhibits A to E and Schedules 1 to 4, of The Civil Service Superannuation Fund for the fiscal year ended December 31, 1986. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Fund as at December 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies stated in note 2 to the financial statements applied, after giving retroactive effect to the change in the method of accounting for the amortization of realized gains or losses on the actively traded part of the fixed income investment portfolio as explained in note 3, on a basis consistent with that of the preceding year.



March 14, 1987,
Winnipeg, Manitoba.

Fred H. Jackson, C.A.
Provincial Auditor.

Exhibit A
The Civil Service Superannuation Fund

Balance Sheet

as at December 31, 1986
(with 1985 figures for comparison)

	1986	1985
ASSETS		
Cash	$ 690,233	$ 11,868
Employees' and employers' contributions and payments receivable	434,190	264,509
Investments, Schedule 1, Note 2(b)	650,687,293	573,648,628
Accrued investment income	12,227,483	9,032,875
Debt due from the Province of Manitoba, Note 2(c)	1,826,300	1,826,300
Furniture, fixtures and equipment, at nominal value	1	1
Computer equipment, Note 2(d) at cost less accumulated amortization: 1986 — $51,139 1985 — $27,537	90,474	104,340
Computer programs development expenses, Note 2(d) at cost less accumulated amortization: 1986 — $28,756 1985 — $25,802	12,188	12,933
	$665,968,162	$584,901,454
LIABILITIES		
Accounts payable	$ 23,283	$ 6,183
Money purchase accounts plan, Exhibit E, Note 6	151,059	54,046
Accumulated unrealized foreign exchange, Note 7	192,564	700,135
Provision for investment losses, Exhibit C, Note 2(b)(v)	697,624	893,987
Superannuation indexing adjustment account, Exhibit D, Note 2(e)	39,014,467	34,751,052
Reserve for present and future benefits, Exhibit B	625,889,165	548,496,051
	$665,968,162	$584,901,454

Exhibit B
The Civil Service Superannuation Fund

Statement of Changes in the Reserve for Present and Future Benefits

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Additions:		
Employers' and employees' payments and contributions, Schedule 2	$ 66,731,516	$ 60,726,998
Investment income, Schedule 3	67,439,010	60,485,182
Interest on debt due from the Province of Manitoba, Note 2(c)	73,052	73,052
Bank and other interest	75,020	61,501
Total additions	134,318,598	121,346,733
Deductions:		
Superannuation and supplementary allowances	47,106,830	40,667,783
Refunds of contributions and interest	4,356,138	3,702,130
Payments of employee contributions to other pension plans	282,718	470,144
Administrative expenses, net, Schedule 4	916,383	885,156
	52,662,069	45,725,213
Transfer:		
Net transfer to superannuation indexing adjustment account, Exhibit D	4,263,415	4,095,938
Total deductions	56,925,484	49,821,151
Net increase for the year	77,393,114	71,525,582
Balance at beginning of year, before restatement	548,271,642	476,965,033
Adjustment of prior years, Note 3	224,409	5,436
After restatement	548,496,051	476,970,469
Balance at end of year, Exhibit A	$625,889,165	$548,496,051

Exhibit C
The Civil Service Superannuation Fund

Statement of Changes in the Provision for Investment Losses

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Addition:		
Transfer from investment income, Schedule 3	$ 650,687	$ 573,424
Total addition	650,687	573,424
Deduction:		
Net write-down of permanently impaired investments	847,050	219,723
Total deduction	847,050	219,723
Net increase (decrease) for the year	(196,363)	353,701
Balance at beginning of year	893,987	540,286
Balance at end of year, Exhibit A	$ 697,624	$ 893,987

Exhibit D
The Civil Service Superannuation Fund

Statement of Changes in the Superannuation Indexing Adjustment Account

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Additions:		
Allocation of 10.2% of employees' contributions	$ 4,332,794	$ 4,012,187
Interest	4,293,988	3,867,979
Total additions	8,626,782	7,880,166
Deductions:		
Charge for one-half of all superannuation adjustments	4,363,367	3,784,228
Total deductions	4,363,367	3,784,228
Net transfer from reserve for present and future benefits, Exhibit B	4,263,415	4,095,938
Balance at beginning of year	34,751,052	30,655,114
Balance at end of year, Exhibit A	$ 39,014,467	$ 34,751,052

Exhibit E
The Civil Service Superannuation Fund

Statement of Money Purchase Accounts Plan

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Additions:		
Deposits	$ 92,305	$52,046
Interest income	7,683	2,276
	99,988	54,322
Deductions:		
Refund of deposits	1,421	—
Bank charges	—	27
Administration fees charged by Civil Service Superannuation Fund	1,554	249
	2,975	276
Increase for the year	97,013	54,046
Balance at beginning of year	54,046	—
Balance at end of year, Exhibit A	$151,059	$ 54,046

Schedule 1
The Civil Service Superannuation Fund

Summary of Investments

as at December 31, 1986

	Par Value	Book Value
Fixed income investment, Note 2(b)(i)		
Term deposits	$ 90,903,104	$ 90,903,104
Bonds and debentures		
Government of Canada	$ 48,675,000	50,681,881
Province of Manitoba	26,083,000	25,922,618
Province of Nova Scotia	1,600,000	1,600,000
Province of Ontario	25,125,000	25,263,547
Province of Saskatchewan	4,000,000	4,000,000
Hospitals	4,087,500	4,087,500
Municipal Corporations	7,964,000	7,997,293
Corporations	217,963,604	166,629,562
	$335,498,104	286,182,401
Pooled bonds funds		3,908,176
		290,090,577
Mortgages		
Insured, National Housing Act (Canada)	$ 91,510,906	86,433,034
Uninsured	36,861,572	36,827,614
	$128,372,478	123,260,648
Pooled mortgage funds		6,526,531
		129,787,179
Unamortized losses (gains) on disposition		(1,674,456)
Total fixed income investments at amortized cost, carried forward		$509,106,404

Schedule 1 continued
The Civil Service Superannuation Fund

Summary of Investments

for the year ended December 31, 1986

	Par Value	Book Value
Total fixed income investments at amortized cost, brought forward		$509,106,404
Equity investments, Note 2(b)(iii)		
Common stock		2,160,987
Pooled equity funds		
Canadian		31,725,738
Non-Canadian		38,020,745
Petroleum and natural gas investments		
Shares and pooled funds		11,259,900
Investment in subsidiary, Notes 2(b)(ii) and 5		7,770,971
Venture capital, limited partnerships		2,551,582
Real estate, Note 2(b)(iv)		
Participating bonds		25,777,729
Qualifying shares		2,040,800
Units of pooled real estate		9,182,790
Accumulated unrealized appraisal adjustments		11,142,858
Unamortized losses (gains) on disposition		(53,211)
Total equity investments		141,580,889
Total investments, Exhibit A		$650,687,293

Schedule 2
The Civil Service Superannuation Fund

Statement of Payments and Contributions

for the year ended December 31, 1986

	Employers' payments and contributions	Employees' payments and contributions	Total
Province of Manitoba Civil Service	$11,609,676	$23,668,880	$35,278,556
Manitoba Telephone System	5,568,485	6,970,342	12,538,827
Manitoba Hydro-Electric Board	4,288,425	6,401,862	10,690,287
Liquor Control Commission	967,649	605,777	1,573,426
Manitoba Health Services Commission	408,810	955,440	1,364,250
Manitoba Public Insurance Corporation	113,926	1,478,644	1,592,570
Manitoba Agricultural Credit Corporation	70,238	101,686	171,924
Manitoba Crop Insurance Corporation	77,268	118,600	195,868
Manitoba Development Corporation	8,649	17,386	26,035
Communities Economic Development Fund	—	31,163	31,163
Teachers' Retirement Allowances Fund Board	1,279	27,228	28,507
Civil Service Superannuation Board	—	33,417	33,417
Workers Compensation Board	32,441	—	32,441
Manitoba Hog Producers' Marketing Board	38,450*	38,450	76,900
Local Government Districts	2,703*	2,703	5,406
Manitoba Government Employees' Association	67,071*	67,071	134,142
Universities Grants Commission	7,368	8,902	16,270
Manitoba Centennial Centre Corporation	28,204	82,714	110,918
Manitoba Milk Producers' Marketing Board	31,703*	31,703	63,406
Housing Authorities	223,609*	224,483	448,092
Manitoba Water Services Board	16,712*	16,033	32,745
Manitoba Turkey Producers' Marketing Board	8,923*	8,923	17,846
Alcoholism Foundation of Manitoba	28,979	295,847	324,826
Manitoba Horse Racing Commission	—	15,025	15,025
Manitoba Data Services	21,892	360,753	382,645
Subtotal, carried forward	$23,622,460	$41,563,032	$65,185,492

Schedule 2 continued
The Civil Service Superannuation Fund

Statement of Payments and Contributions

for the year ended December 31, 1986

	Employers' payments and contributions	Employees' payments and contributions	Total
Subtotal, brought forward	$23,622,460	$41,563,032	$65,185,492
Manitoba Research Council	52,791*	76,056	128,847
Manitoba Beef Commission	23,676*	24,950	48,626
Manitoba Lotteries Foundation	4,229	134,873	139,102
The Legal Aid Services Society of Manitoba	—	145,095	145,095
Manitoba Milk Prices Review Commission	—	456	456
Manitoba Energy Authority	—	11,522	11,522
Public Schools Finance Board	—	1,654	1,654
Human Resources Opportunity Centres	11,760*	11,760	23,520
Employees on workers compensation	—	300	300
Employees on loan	15,604	15,264	30,868
Repayment of contributions previously refunded	—	98,288	98,288
Payments based on prior non-pensionable employment	—	429,184	429,184
Payments based on war service	136	32,822	32,958
Receipts from other pension plans re transfer of employee benefits under reciprocal agreements	—	455,604	455,604
Total payments and contributions, Exhibit B	$23,730,656	$43,000,860	$66,731,516

*Employers' contributions based on employees' remuneration

Schedule 3
The Civil Service Superannuation Fund

Statement of Investment Income

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Fixed income:		
Interest	$ 54,981,749	$ 50,193,085
Foreign exchange, Note 7	48,141	173,987
Amortization of discounts (premiums), net, Note 2(b)(i)	416,111	364,663
Amortization of realized gains, Note 2(b)(i)	730,917	472,373
Transfer to provision for investment losses, Exhibit C, Note 2(b)(v)	(650,687)	(573,424)
	55,526,231	50,630,684
Equity income:		
Net income of the subsidiary, Note 5	754,343	1,584,266
Real estate dividends and interest, Note 2(b)(iv)	3,011,129	1,818,207
Other dividends and interest	3,000,511	2,689,400
Unrealized appraisal adjustments, Note 2(b)(iii)	5,109,820	3,718,642
Amortization of realized gains, Note 2(b)(iii)	36,976	43,983
	11,912,779	9,854,498
Total investment income, Exhibit B	$ 67,439,010	$ 60,485,182

Schedule 4
The Civil Service Superannuation Fund

Statement of Administrative Expenses, Net

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Salaries and fringe benefits:		
Salaries - permanent staff	$ 622,937	$ 594,846
Salaries - part-time staff	10,967	3,293
Fringe benefits	39,113	34,842
Pensions paid - employer cost	18,130	16,912
Health and post-secondary education tax levy	10,682	9,888
	701,829	659,781
Professional fees:		
Actuary - pension	45,334	54,847
Audit	33,200	28,850
Legal fees	13,002	—
	91,536	83,697
Computer related costs:		
Amortization of equipment	23,602	21,980
Amortization of program development expense	2,954	3,427
Micro-Computer and software	3,979	—
Maintenance and supplies	10,828	9,872
	41,363	35,279
Printing and stationery:		
Microfilming	3,282	1,064
Photocopy service	4,685	4,224
Printing	30,888	18,333
Stationery and supplies	22,055	16,043
	60,910	39,664
Other:		
Bank and investment management	113,562	115,395
Furniture and fixtures	6,659	5,599
Machine rentals and servicing	3,589	5,660
Medical examinations	5,899	6,396
Miscellaneous	15,790	12,594
Seminars and travelling	14,222	13,922
Telephone, postage and delivery	21,407	18,771
	181,128	178,337
Subtotal, carried forward	$1,076,766	$ 996,758

Schedule 4
The Civil Service Superannuation Fund

Statement of Administrative Expenses, Net

for the year ended December 31, 1986
(with 1985 figures for comparison)

	1986	1985
Subtotal, brought forward	$1,076,766	$ 996,758
Less, Operating recoveries:		
Public Service Group Insurance Fund administration	(117,410)	(72,807)
Municipal Employees Benefits Board administration	(41,419)	(38,546)
Money Purchase Accounts Plan, Note 6	(1,554)	(249)
Total administrative expenses, net, Exhibit B	$ 916,383	$ 885,156

Notes to the Financial Statements

The Civil Service Superannuation Fund
for the year ended December 31, 1986

1. **Nature of the Organization**

   The Civil Service Superannuation Fund is the pension plan for employees of the Government of Manitoba and its agencies as listed in Schedule 2. The employee contributions to the Fund and the employer contributions, where matching contributions are required, are administered by the Civil Service Superannuation Board. In addition, the Fund collects from the non-matching employers 50% of the monthly pension, including indexing adjustments, paid in respect of retired employees or surviving beneficiaries, and 50% of any vested amounts transferred out of the Fund on behalf of employees.

   The Civil Service Superannuation Board was established under The Civil Service Superannuation Act in May, 1939 and is responsible for administering the Act. Schedule 4 sets out the administrative expenses incurred by the Fund.

2. **Significant Accounting Policies:**

   The significant accounting policies are summarized below:

   (a) The Fund follows the accrual basis of accounting except for refunds of employees' contributions which are reflected on the cash basis.

   (b) The investment valuation and income measurement policies consist of:

      (i) Fixed income investments:

      Premiums and discounts of one percent or less of par value are reflected in income in the year of acquisition. All other premiums and discounts are amortized to income on a straight line basis over the term of the investment commencing with the year of acquisition.

      Zero coupon bonds are valued at the date of purchase and at the end of the year based on the purchase yield and the remaining term to maturity. The difference in the value of the bond from the date of purchase or the previous year end to the current year end will be charged or credited to income in the current year.

      The majority of the Fund's fixed income investment portfolio is held for the long term and a part of the portfolio is traded actively. For long term holdings, the gains or losses on disposition, before maturity, are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments. For those which are traded actively, the accounting is segregated and one-fifth of the realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of investment assets and amortized to income in equal amounts over the next four years.

(ii) Investment in subsidiary:

The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation of Manitoba Inc. is accounted for on the equity method. For the purpose of preparing the financial statements of the Fund, the Fund management estimates the income from the subsidiary for the year. Any adjustment required to reflect actual income will be recorded in the subsequent year.

(iii) Equity investments:

Equity investments are recorded at cost.

Petroleum and natural gas, and limited partnership investments have restrictions on their disposition.

One-fifth of any realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of the investment assets and amortized to income in equal amounts over the next four years.

One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

(iv) Real estate equity investments:

Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

Pooled real estate investments are recorded at cost plus the proportionate share of earnings reported by the property manager.

(v) Provision for investment losses:

Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income to a maximum of the provision not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses.

(vi) Foreign currency translation:

The Fund has adopted the recommendation of the Canadian Institute of Chartered Accountants whereby assets recorded in foreign currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the existing month end prevailing rate of exchange.

Notes to the Financial Statements

The Civil Service Superannuation Fund
for the year ended December 31, 1986

1. **Nature of the Organization**

   The Civil Service Superannuation Fund is the pension plan for employees of the Government of Manitoba and its agencies as listed in Schedule 2. The employee contributions to the Fund and the employer contributions, where matching contributions are required, are administered by the Civil Service Superannuation Board. In addition, the Fund collects from the non-matching employers 50% of the monthly pension, including indexing adjustments, paid in respect of retired employees or surviving beneficiaries, and 50% of any vested amounts transferred out of the Fund on behalf of employees.

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   (b) The investment valuation and income measurement policies consist of:

      (i) Fixed income investments:

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      Zero coupon bonds are valued at the date of purchase and at the end of the year based on the purchase yield and the remaining term to maturity. The difference in the value of the bond from the date of purchase or the previous year end to the current year end will be charged or credited to income in the current year.

      The majority of the Fund's fixed income investment portfolio is held for the long term and a part of the portfolio is traded actively. For long term holdings, the gains or losses on disposition, before maturity, are amortized to income on a straight line basis over the remaining term of the investment to a maximum of 20 years. The unamortized balances remain as part of the book value of the total investments. For those which are traded actively, the accounting is segregated and one-fifth of the realized gains or losses is reflected in income in the year of disposition. The remaining four-fifths is reflected in the value of investment assets and amortized to income in equal amounts over the next four years.

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The investment in the wholly-owned subsidiary Superannuation Resource Investment Corporation of Manitoba Inc. is accounted for on the equity method. For the purpose of preparing the financial statements of the Fund, the Fund management estimates the income from the subsidiary for the year. Any adjustment required to reflect actual income will be recorded in the subsequent year.

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One-fifth of the difference between the book value and the established market value of equity investments as at the end of the fiscal year is reflected in income and the offset reflected as an unrealized appraisal adjustment.

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Income from real estate equity investments, evidenced by participating bonds, represents the Fund's proportionate share of the net cash flow generated by the underlying properties with no allowance having been made for depreciation. In the event the income from a property is insufficient to pay the cost of its operations, the Fund is liable to make additional payments, without limitation in amount, equal to its share of such a deficiency.

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Effective January 1, 1984, 1/10 of 1% of the book value of the investment assets is transferred annually to the provision for investment losses from investment income to a maximum of the provision not exceeding 1% of the book value of investment assets.

Impairment in the value of investments, considered to be permanent by the Investment Committee, is charged to the provision for investment losses.

(vi) Foreign currency translation:

The Fund has adopted the recommendation of the Canadian Institute of Chartered Accountants whereby assets recorded in foreign currency are translated into Canadian currency at the prevailing year end rate of exchange, while revenues and related transaction charges recorded during the year are translated at the existing month end prevailing rate of exchange.

The translation adjustments required for these transactions, together with foreign exchange on the purchase and sale of foreign currency are recorded in the accumulated unrealized foreign exchange account. One-fifth of the accumulated unrealized foreign exchange account is reflected in income for the year.

(c) Debt due from the Province of Manitoba:

The Province of Manitoba assumed an accrued liability of $1,826,300 on account of its employees and pensioners as at May 1, 1939. The Province pays half-yearly interest on March 31st and September 30th at 4% per annum and may pay all or part of the debt at its option. In accordance with Section 24(1) of the Act, the aforementioned amount has been recorded as debt due from the Province.

(d) Computer:

Mini computer equipment costs and program development expenses are capitalized and amortized on a straight line basis over six years.

Micro computer equipment and software expenses are expensed in the year of acquisition.

(e) Superannuation indexing adjustment account:

In accordance with amendments to the Act, effective July 1, 1977, a program of controlled indexing was implemented whereby 10.2% of employees' annual contributions are allocated to a superannuation indexing adjustment account. Interest is allocated to the account on a basis related to the yield earned by the Fund on its mortgages, bonds and debentures. The account is intended to fund 50% of the cost-of-living adjustment payments made to pensioners and beneficiaries and the non-matching employers are billed for 50% of the payments to their retired employees.

Effective July 1 of each year, cost-of-living superannuation adjustment payments are calculated in accordance with the formula set out in the Civil Service Superannuation Act, section 32.1(7). The formula is based on the Consumer Price Index increase in the previous calendar year and the increase in the calculated benefit index. Section 32.1(8) requires the calculated adjustment be reduced if, in the opinion of the actuary, the adjustment would result in an unfunded liability in the superannuation indexing adjustment account as at December 31 of the preceding year.

The annual actuarial valuation of the superannuation indexing adjustment account as at December 31, 1985 revealed that $7,991,352 was available to actuarially finance additional cost-of-living increases for pensioners. Effective July 1, 1986, the Board approved and paid the actuarially calculated superannuation adjustment for 1986 in accordance with the formula set out in the Act, equal to:

a) 2.18% (1985 — 1.89%) of the total lifetime pension plus any previously granted adjustments in that allowance, and

b) 59¢ (1986 — 45¢) per month for each year of service, to a maximum of 35 years,

for those employees who retired before January 1, 1985.

Employees who retired after that date, but before July 1, 1986, were paid a pro-rata portion of the adjustment. Beneficiaries of deceased pensioners receive two-thirds of the adjustment that the pensioner would have been eligible for. The present value of the July 1, 1986 adjustment has been actuarially calculated to be equal to $4,728,800 as at December 31, 1985, leaving a balance of $3,262,552 available in the superannuation indexing adjustment account as at that date.

(f) Actuarial valuations:

(i) The financial statements do not take into account actuarial valuations and, therefore, do not reflect the financial position of the Fund on an actuarial basis. In accordance with the Act, an actuarial valuation and report is required every three years. The most recent actuarial report on The Civil Service Superannuation Fund, as at December 31, 1983, disclosed a surplus of $17,698,138. The actuarial valuation as at December 31, 1986 has not yet been completed.

(ii) The Board has a legislative requirement to pay as an annual administrative expense, one-half of the pension benefits paid by the Fund on behalf of its retired employees. On the basis of an actuarial report, the unfunded provision for the Board's employees as at December 31, 1986 is estimated to be $474,048 (1985 — $418,039).

3. **Change in accounting policy:**

The Fund's policy on amortization of realized gains or losses for the actively traded part of the fixed income portfolio was changed during 1986 to a five year basis as described in Note 2(b)(i). Previously these gains or losses were amortized over the remaining term of the investment to a maximum of 20 years. This change, which has been retroactively applied, resulted in increasing the book value of investments and the reserve for present and future pension benefits by $287,712 (1985 — $224,409) and increasing the investment income by $63,303 (1985 — $218,973).

4. **Amendments to the Civil Service Superannuation Act in 1986 provided for:**

(a) improving the pension formula to the average of the best five of the last 12 years of service.

(b) authorizing the Fund to credit the Government of Manitoba and its agencies $83,853 per month from September 1, 1986 to August 31, 1989, amounting to $3,018,08 for the three year period, to reduce the employers' costs of the pension formula improvement in (a) above.

(c) Section 22(5) of the Act has been repealed. As a result, the Province of Manitoba no longer guarantees that a certain rate of return, based on actuarial assumptions, will be earned on the assets of the Fund. No payments have been made or were required under this guarantee.

5. **Investment in subsidiary:**

The Superannuation Resource Investment Corporation of Manitoba Inc. (S.R.I.C.), a wholly-owned subsidiary of the Fund, was incorporated as a pension fund resource corporation under The Corporation Act of Manitoba on May 30, 1983 for the purpose of participating in oil and gas resource development projects on behalf of the Fund.

The actual results of the subsidiary operation for the year ended December 31, 1986 were not available at the time of preparation of these financial statements. The Fund management has estimated the net income of the subsidiary for 1986 to be $754,343 (1985 — actual $1,584,266) and has reflected this estimate as income from subsidiary, per accounting policy, Note 2(b)(ii).

The Fund's investment in S.R.I.C. at December 31, 1986, after reflecting this estimate, is comprised of:

	1986	1985
Shareholder's advances	$7,016,627	$5,080,016
Capital stock	1	1
Retained earnings	754,343	1,739,942
Investment in subsidiary	$7,770,971	$6,819,959

During the year, the Fund advanced $2,500,000 (1985 — $2,500,000) to S.R.I.C. and recovered $563,389 (1985 — $1,825,234) of advances from S.R.I.C.

6. **Money Purchase Accounts Plan:**

Manitoba Regulation 77/85 under the Civil Service Superannuation Act established a Money Purchase Accounts Plan effective January 2, 1985. Under this regulation, eligible individuals may transfer to the Plan an amount from either the Fund or pension plan of a prior employer, to provide for an annuity or other settlement in the future. The Plan is administered and accounted for separately by the Board for which the Board charges the Plan with an administration fee. The accumulated value of a participant's account, upon election of an annuity under the Plan, will be transferred to an annuity reserve as part of the reserve for present and future benefits of the Fund.

7. **Accumulated unrealized foreign exchange:**

An analysis of (gains) or losses in the accumulated unrealized foreign exchange account is shown below:

	1986	1985
Balance, beginning of year	$ (700,135)	$ (188,828)
Foreign exchange on purchase and sale of foreign currency	(1,197,126)	1,253,982
Translation of transactions	487,775	553,142
Net translation of current assets	1,168,781	(2,492,418)
	(240,705)	(874,122)
Transfer to income	48,141	173,987
Balance, end of year	$ (192,564)	$ (700,135)